



## Fare \$hare and Super Fare \$hare

If your business is in Bethesda, North Bethesda, Friendship Heights, Wheaton, Montgomery Hills, or Silver Spring, you can also benefit from special transit subsidy programs for employers in those areas. These programs work with state and federal tax incentives to provide significant transit benefits and tax savings for employers and employees.

### Bethesda / North Bethesda / Friendship Heights / Silver Spring Transportation Management Districts (TMDs)

Super Fare \$hare is a five-year program. During the first year, the employer pays just \$1 per eligible employee per month and receives up to \$64 in fare passes for each participant. In years two through five, you split the cost with the County. Your business is eligible for up to \$20,000 per year in transit subsidies.

### Wheaton and Montgomery Hills

Fare \$hare in these areas is a one-year program. For the first six months of the program, you pay \$1 per employee per month and get back \$64 in fare passes for every participating employee per month, up to \$20,000 a year. During the last six months, you split the costs with the County.

Montgomery County also offers Fare \$hare benefits throughout the County as annual budgets permit.

### Under Fare \$hare...

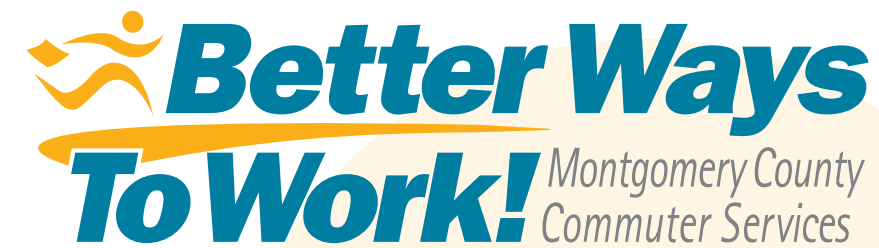
- The County matches your contributions to employee transit costs, in any amount up to \$32.50 per month, per employee, with a total benefit of up to \$65 per month.
- The County matches transit subsidies for one year, up to \$20,000 for any one business. In some cases, the program can be extended for an additional year.



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# Compute the Commute... Add Up the Tax Benefits

## As a Montgomery County employer, you can...

- lower your state and federal taxes
- provide a valuable commuting benefit to your employees
- reduce traffic congestion and its cost to business
- contribute to the quality of life in our community

*... by taking advantage of tax initiatives  
that encourage employees  
to choose transit alternatives.*



# Here's how...

## Maryland Commuter Choice Tax Credit = Savings for Your Business

With the Maryland Commuter Choice Tax Credit, you can receive a tax credit of 50% of what you spend for employee transit benefits — up to a maximum of \$30 per month for each participating employee.

Any combination of transit benefits can be used. You can take this credit from the State Income Tax, the Financial Institution Tax, or the Insurance Premium Tax. It's your choice.

Commuter benefits are easy to administer, and — with the tax credit — their cost is very low. It's a great employee benefit!

### Eligible Commuting Expenses

Any combination of these employer-provided commuting benefits qualifies for the tax credit:

#### Transit and Vanpools

This includes transit passes — like monthly passes for Metrorail or Metrobus, tokens, fare cards, and vouchers for private vanpools. These items must be used for transportation to or from work. (Taxis and carpools are not eligible.)

#### Vanpools

Employer-provided vehicles with seating for at least eight. All vehicle and related costs — such as van purchases or leases, fuel, insurance, and safety items — also qualify if paid directly by the employer.

Direct cash payments to employees are not eligible for the tax credit.

### Your Bottom Line

Let's say your company buys transit passes for your employees at a cost of \$60 per month, per participant. Fifty percent of that cost, or \$30 per employee, is eligible for the Maryland Commuter Choice Tax Credit.

Your company cost	\$60
Less state tax credit	-\$30
Less federal tax savings*	-\$18
Net cost to your company	\$12
Net cost to your employees	0

\*Based on a \$60 business expense deduction — assumes a 30% tax rate. Actual federal tax savings may be less, due to smaller federal deductions for state taxes.

## Who Can Benefit? You and Your Employees!

Any employer operating a trade or business in Maryland can take the Maryland Commuter Choice Tax Credit.

However, only the employer who provides the commuter benefit may claim the tax credit.

The following example shows how an employer can benefit by taking the maximum credit of \$30 per month for 12 months.

These benefits are tax-free to your employees.

## It's Easy to Do

1. You can register online at by visiting [www.mtmaryland.com](http://www.mtmaryland.com) and clicking on the "Commuter Choice Maryland" link. Or request a Maryland Commuter Tax Credit form by calling 410-767-8755.
2. Apply your credits when you file your Maryland taxes. Credits can be applied to either the State Income Tax (Form AT3-500CR), the Insurance Premium Tax (Form 82A, B, or C) or the Financial Institution Franchise Tax (Form AT3-74).
3. You do not need to include receipts or other proof of payment with your tax return. However, you should consult your tax advisor or attorney to find out what documentation or records you should keep for future reference.

## Federal Incentives = Tax Advantages for You and Your Employees

Federal tax law also offers important tax savings:

- You may provide up to \$100 in transit subsidies per month to an employee, tax-free.
- You can take a tax deduction for providing these transit subsidies to your employee.
- You may also allow your employee to make a pre-tax deduction of their transit costs.

### Four ways to save by providing transit benefits:

#### Option 1

*In addition to salary...*

- You provide a monthly transit or vanpool pass to your employee of up to \$100, tax-free. (Employer can provide a lesser amount.)
- You lower your company's FICA and Federal income tax liability.
- Your employee pays no payroll tax or income tax on up to \$1,200 in benefits per year.

#### Option 2

*In lieu of salary...*

- Your employee chooses a pre-tax deduction of up to \$100 per month from his or her salary to pay transit costs.
- You save on payroll taxes.
- Your employee saves on both payroll and income taxes.

#### Option 3

Any combination of Options 1 and 2, up to a total of \$100 per month.

#### Option 4

*Parking cash out...*

- You offer your employee cash or transit subsidy instead of paid parking.
- If your employee takes cash, both you and your employee must pay payroll taxes, and your employee must pay income tax on the additional salary.



## Maryland Commuter Choice Tax Credit + Federal Incentives = Even More Savings

Here's an example of how you can combine the Maryland Tax Credit with federal tax benefits to save even more for your company and your employees:

**YOU PAY** \$30 for a \$60 monthly pass  
**YOUR EMPLOYEE PAYS** \$30 (using a pre-tax salary deduction)

#### Your tax savings:

State tax credit	-\$15
Federal tax savings	-\$9*
FICA/Medicare savings	-\$2

**Your net cost:** \$4

#### Your employee's tax savings:

Federal tax savings	-\$8**
State tax savings	-\$2
FICA/Medicare savings	-\$2

**Your employee's net cost:** \$18

\*Based on business deduction and 30% tax bracket.  
\*\*Based on 28% tax bracket. Actual federal tax savings may be less due to smaller federal deductions for state taxes.



For more information on these programs, call...  
**Montgomery County Commuter Services**  
301-770-P00L (7665) • [www.montgomerycountymd.gov/commute](http://www.montgomerycountymd.gov/commute)

# Good for Your Business, Your Employees, and Your Community